Forecast by International Monetary Fund

1426. DR. T. SUBBARAMI REDDY:
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Will the Minister of FINANCE be pleased to state:

(a) whether the International Monetary Fund has forecast that India's economy will grow by 5.5 per cent in 2003-2004 but found that the country's fiscal deficit and public debt were an economic burden;

(b) if so, to what extent Government have agreed to the IMF report on economic growth;

(c) whether Indian economic is expected to notch up a growth rate of over 6 per cent and may even touch 8 per cent in 2003-2004; and

(d) if so, whether after good monsoon, the kharif and rabi crop are also expected to do well and Government are fully confident of achieving the target.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) The International Monetary Fund (IMF) in its Public Information Notice of August 21, 2003 has forecast that in 2003-2004, India's economy would grow by 5.5 per cent, but there is some upside potential to this projection. As regards fiscal deficit and public debt, it has been mentioned that they are exacting an economic cost in terms of foregone growth. However, following the excellent monsoon, the IMF has since revised its forecast for India's Gross Domestic Product (GDP) growth upward to 6.5 to 7.0 per cent.

(b) and (c) The Mid-year Review of the Ministry of Finance (November 2003) also forecasts a GDP growth of over 7 per cent based on sound macroeconomic fundamentals, bountiful monsoon, moderate inflation and strong external sector performance.

(d) The rainfall during monsoon 2003 was normal with seasonal precipitation of 102 per cent of Long Period Average (LPA). As a result, overall performance of kharif foodgrains and most of the major kharif commercial crops, as per first advance estimate, has been assessed to be above normal. The weather and temperature conditions in post monsoon season so far also remained generally favourable for rabi crops.